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ABSTRACT

This study assessed Head Start grantees' and U.S. Department of Health and Human Services (HHS), Administration for Children and Families (ACF) staff's experiences during recent program expansions and their ability to handle future expansions. A random sample of 80 regional and American Indian Head Start grantees and delegates, along with staff at all 10 ACF regional offices and the national headquarters, were interviewed during 1992. The study found that the level of grantee performance was considerably lower than the level of performance reported by grantees and published by ACF. It also found that: (1) some grantees experienced difficulty enrolling children; (2) the greatest challenge grantees faced during expansion was obtaining adequate and affordable facilities; (3) 40 percent of grantees had difficulty finding qualified staff; (4) expansion hindered grantee's ability to provide adequate transportation; (5) expansion increased the demands on social services; and (6) both grantees and ACF were hindered by inadequate planning. The study recommends that ACF develop regional expertise and offer grantees better assistance with facilities, develop strategic plans to handle future expansion, and improve its training and technical assistance. Two appendixes contain HHS and ACF comments on the report. (MDM)

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# HEAD START EXPANSION: GRANTEE EXPERIENCES

PS 023445

MAY 1993

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Department of Health and Human Services

# OFFICE OF INSPECTOR GENERAL

## HEAD START EXPANSION: GRANTEE EXPERIENCES

MAY 1993 OEI-09-91-00760

# EXECUTIVE SUMMARY

## PURPOSE

This inspection assessed Head Start grantees' and Administration for Children and Families staff's experiences during recent program expansions and their ability to handle future expansions.

## BACKGROUND

Head Start operates on the premise that children are best prepared for success in school when they and their parents participate in a comprehensive program that addresses their educational, economic, social, physical, and emotional needs. In addition to providing children with classes and health services, Head Start addresses the needs of the entire family.

Both Congress and the Administration are committed to expanding Head Start. Since Fiscal Year (FY) 1990, the total funding for Head Start has increased more than $1 billion, and the number of children served has increased by almost 300,000.

Within the Department of Health and Human Services (HHS), the Administration for Children and Families (ACF) is responsible for administering Head Start. The ACF, the Assistant Secretary for Management and Budget (ASMB), and the Assistant Secretary for Planning and Evaluation (ASPE) requested that the Office of Inspector General (OIG) review the implementation and status of Head Start expansion because they were concerned that rapid expansion might jeopardize the quality of services.

We selected a random sample of 80 regional and American Indian Head Start grantees and delegates. From May through July 1992, we conducted either on-site visits or telephone interviews with each grantee and delegate using structured discussion guides. In addition, we reviewed grantee and delegate agency records to collect management and performance data. At the completion of the fieldwork, we weighted the data and projected it to the universe of Head Start grantees and delegates that had expanded. We also conducted interviews with all 10 ACF regional offices as well as headquarters staff about their experiences and ability to provide support for future expansions.

This report, which is one in a series prepared by the OIG concerning Head Start expansion, reflects grantee and ACF staff experiences and opinions about expansion. A companion report, "Evaluating Head Start Expansion through Performance Indicators" (OEI-09-91-00762) used file reviews and selected indicators to assess the impact of expansion on grantees. While we did not find any statistically significant difference in grantee performance as a result of expansion, we found that the level of

grantee performance as measured by our indicators was considerably lower than the level of performance reported by grantees and published by ACF. Because of (1) inadequate grantee record keeping, (2) the lack of specificity in the Head Start performance standards, and (3) the fact that many grantees disregard ACF policy guidance, we were unable to determine if the program and performance data weaknesses that we found reflect serious deficiencies in the quality of services provided by Head Start.

## FINDINGS

Grantees described increased demands on staff and concerns about their ability to provide quality services to families while expanding. They reported problems in such areas as child enrollment, facility acquisition, staffing, transportation, and social services. Nevertheless, grantees told us that they were able to overcome most of these problems. They are, however, concerned that some of these problems may become insurmountable if they are not addressed in future expansions. Our specific findings are:

### *Some grantees experienced difficulty enrolling children, and few plan to serve all eligible 4-year-olds by 1993*

Despite expansion and the existence of a large number of eligible children, 13 percent of grantees were unable to enroll all of the additional children they planned under expansion, and some grantees saw their waiting lists for enrollment increase. Based on their experiences and knowledge about future expansions, grantees indicated that they may not be able to serve all eligible 4-year-olds in the near future, primarily because of the overwhelming number of eligible children in their service areas.

### *The greatest challenge grantees faced during expansion was obtaining adequate and affordable facilities*

Grantees have had difficulty with the lack of adequate facilities in their service areas, the poor condition of available properties, the timing of expansion funding, and the high cost of rent and/or renovations. In addition, one-third of grantees believe that their current space is inadequate to serve children and families sufficiently. Grantees overwhelmingly support purchasing property as a cost-saving, stabilizing measure. The Head Start Improvement Act of 1992 contains provisions allowing grantees to purchase property.

### *While almost all grantees hired additional staff, 40 percent had difficulty finding qualified staff*

Grantees cited the lack of qualified applicants and their inability to offer acceptable salaries and benefits as the major barriers to finding qualified staff.

*Expansion hindered grantees' ability to provide adequate transportation*

Larger service areas and increased enrollment have affected grantees' ability to provide transportation, although ACF has been responsive to grantee requests for additional vehicles.

*Expansion increased the demands on social services*

Social services components are faced with an increased number of dysfunctional families and children with special needs as well as reduced availability of community services.

*Both grantees and ACF are hindered by inadequate planning*

Planning is vital for grantees to expand. More than half the grantees did not receive timely expansion funding. Grantees cited the need to add management staff and are concerned that their problems will be exacerbated with future expansions.

## RECOMMENDATIONS

Because Head Start has changed dramatically since its inception during the 1960s, ACF should restructure the way it plans for and implements future Head Start expansions. In doing so, ACF should:

- **Develop regional expertise and offer grantees better assistance with facilities.** Guidance should include appropriate safeguards against fraud and abuse in its implementation of the facility purchase provisions of the Head Start Improvement Act of 1992. Furthermore, ACF should ensure that it provides grantees clear guidance and technical assistance when purchasing or otherwise acquiring facilities.

- **Develop strategic and long-range plans to handle future expansions better.** The goal of these plans should be to help grantees plan for future funding and enrollment increases, to address administrative and management weaknesses, and to otherwise evaluate and implement program improvements.

- **Improve its training and technical assistance and reevaluate the effectiveness of its technical assistance contracts.** The ACF should evaluate grantees' utilization of each resource, the appropriateness of the training offered by each organization to the grantees' overall training needs during expansion, and the quality of each training resource as measured by grantee evaluations.

## AGENCY COMMENTS

We received written comments on the draft report from ACF, ASPE, and ASMB. The ACF concurred with the first two recommendations but requested that we clarify the recommendation concerning training and technical assistance. We have modified the recommendation so that it is more directly linked to our finding that grantees underutilized traditional Head Start training resources during expansion. We have also addressed ACF's concerns about several details in the report's findings and have added language to explain that the report is based solely on the opinions of grantees. These opinions shed light on the attitudes and outlook of the individuals who will be responsible for implementing future expansions and, as ASPE stated in their comments, "...have direct relevance to policy decisions being made about how future expansions are handled..."

The ASPE and ASMB provided useful comments and suggestions, many of which we have incorporated in the final report. In response to specific comments from ASPE, we have added information about the companion report, "Evaluating Head Start Expansion through Performance Indicators." We have also modified the executive summary and recommendations to reflect ASPE's concerns. In response to comments from ASMB, we have further clarified that the report is based solely on the opinions of grantees and not on the record-based review that is the subject of the companion report on performance indicators.

The complete text of the ACF comments and a detailed response is contained appendix A. The complete text of the ASPE and ASMB comments can be found in appendix B.

*The Secretary has initiated a comprehensive examination of Head Start with a particular emphasis on quality and accountability. The Secretary's initiative includes (1) immediately identifying poorly performing grantees, designing corrective actions, providing technical assistance, and ensuring that grantees that provide high quality services receive program funds and (2) conducting an in-depth review of the program with the help of an intellectually diverse expert study panel and using the results to design the Head Start program of the future.*

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# INTRODUCTION

## PURPOSE

This inspection assessed Head Start grantees' and Administration for Children and Families staff's experiences during recent program expansions and their ability to handle future expansions.

## BACKGROUND

Head Start operates on the premise that children are best prepared for success in school when they and their parents participate in a comprehensive program that addresses their educational, economic, social, physical, and emotional needs. In addition to providing children with classes and health services, Head Start addresses the needs of the entire family.

The Administration for Children and Families (ACF) is responsible for administering Head Start. The ACF, the Assistant Secretary for Management and Budget (ASMB), and the Assistant Secretary for Planning and Evaluation (ASPE) requested that the Office of Inspector General (OIG) review the implementation and status of Head Start expansion. This report is one in a series prepared by the OIG on this subject.

### *The Head Start Program*

Head Start is a child development program funded primarily by the Federal government. At the headquarters level, the Head Start Bureau provides leadership and develops legislative and budgetary proposals for Head Start management and operations. In each regional office, ACF's Head Start and Youth Branch monitors all Head Start programs, except American Indian and migrant programs which are monitored by branches within headquarters. According to ACF, Head Start served approximately 622,000 children with Federal support of $2.2 billion in Fiscal Year (FY) 1992.

Head Start programs are community-based, so agencies can respond to local needs and coordinate with other community organizations. As a result, program options, locations, and hours vary. The Federal government awards grants to a public or private nonprofit agency (called a grantee) to operate a Head Start program. A grantee may contract with one or more other public or private nonprofit organizations in the community (called delegates) to run all or part of its Head Start program. For the purposes of this report, we will refer to both grantees and delegates as "grantees" unless specific differences need to be noted.

Head Start programs consist of four major components: *health*, *education*, *social services*, and *parent involvement*. Specific performance standards for each of these components require, among other things, that grantees:

- develop children's intellectual skills by encouraging them to solve problems,
- provide children medical and dental examinations,
- offer children nutritious meals and snacks, and
- identify families' social service needs and work with other community agencies to meet those needs.

The two major program options, *center-based* and *home-based*, are both regarded as effective means of serving children and families. The center-based model focuses on the child, while the home-based model focuses on the parent. Home-based programs, where services are offered in the home rather than a classroom, must adhere to the same policies and offer the same range of comprehensive services as center-based programs.

*Head Start Expansion*

Both the Administration and Congress are committed to expanding Head Start. The Head Start Supplemental Authorization Act of 1989 and the Dire Emergency Supplemental Appropriation of 1990 marked the beginning of expansion for all grantees and provided funding for the first two expansions. Since FY 1990, the total funding for Head Start has increased more than $1 billion, to an FY 1993 total of $2.779 billion. The Human Services Reauthorization Act of 1990 continues the Head Start program through FY 1994 with the goal to serve all eligible children by 1994. The following table summarizes the allocated funding increases:

HEAD START EXPANSIONS, 1990-1993

| | Fiscal Year | Announcement Date | Proposed Number of Additional Children | Funds to Expand Enrollment | Additional Expansion Funding |
|---|---|---|---|---|---|
| Expansion I | 1990 | February 6, 1990 | 37,500 | $99,980,000 | $51,335,000 |
| Expansion II | 1990 | June 12, 1990 | 60,000 | $165,315,000 | None |
| Expansion III | 1991 | undated | 51,000 | $159,447,000 | $240,363,000 |
| Expansion IV | 1992 | February 19, 1992 | 38,500 | $131,513,000 | $118,487,000 |
| Expansion V | 1993 | December 17, 1992 | 100,000 | $372,706,000 | $201,779,600 |
| TOTAL | | | 287,000 | $928,961,000 | $611,964,600 |

The additional expansion funding, identified in the chart above, was set aside for such things as quality improvement, salary enhancement, cost-of-living increases, and training and technical assistance improvement. Grantees generally use quality improvement funding to increase salaries and benefits, strengthen the social service, parent involvement, and/or health components, improve services to disabled children,

initiate or improve family literacy programs, and/or otherwise enhance services to children and families.

For regional grantees (those monitored by ACF regional offices), the Head Start Bureau allocated expansion funds in FYs 1990 and 1991 based on the population in each State, as required by statute. It then allocated funds to counties based on the proportionate number of eligible children, taking into consideration the amount of Federal funding already received by the grantees in each county. The Head Start Bureau also set aside a portion of expansion funds for American Indian grantees, who could apply for expansion funds if they were not serving all eligible children in their service area.

The Head Start Bureau also allocated expansion funds to unserved counties based on the proportionate number of eligible children. Public and private nonprofit agencies (including existing grantees) competed to operate programs in the unserved counties.

To receive the allocated funds, grantees submitted expansion proposals. These proposals specified planned objectives, such as the number of additional children they would enroll and the staff they would require to serve these children. The Head Start Bureau advised grantees to prepare proposals that would result in high quality services that fully comply with the Head Start performance standards.

*Concerns about Expansion*

This report is one in a series prepared by the OIG concerning Head Start Expansion. A companion report, "Evaluating Head Start Expansion through Performance Indicators" (OEI-09-91-00762) used file reviews and selected indicators to assess the impact of expansion on grantees. While we did not find any statistically significant difference in grantee performance as a result of expansion, we found that the level of grantee performance as measured by our indicators was considerably lower than the level of performance reported by grantees and published by ACF. Because of (1) inadequate grantee record keeping, (2) the lack of specificity in the Head Start performance standards, and (3) the fact that many grantees disregard ACF policy guidance, we were unable to determine if the program and performance data weaknesses that we found reflect serious deficiencies in the quality of services provided by Head Start. A 1991 OIG study, "Readiness for Head Start Expansion" (OEI-02-91-00741), found that grantees were meeting their expansion goals for FY 1990.

## METHODOLOGY

We selected a random sample of 80 regional and American Indian Head Start grantees and delegates. We conducted a separate study of migrant grantees because of the unique nature of their programs (see "Migrant Head Start Grantees: Perspectives and Challenges," OEI-09-91-00761). From a universe of the 50 States plus the District of Columbia, Puerto Rico, and the Trust Territories (hereafter

referred to as "localities"), we randomly selected eight localities with probability proportional to size with replacement. As a result, California was selected twice. The total amount of Federal funding received in FY 1991 determined the size of each of the localities. The following table presents the localities selected, their probability of selection based upon their total budget, and the number of grantees, original and adjusted, in each location.

| State | Total Budget, All Grantees | Probability of Selection | Number of Grantees | |
|---|---|---|---|---|
| | | | Original | Adjusted |
| California (One) | $184,762,665 | 10.87% | 133 | 95 |
| California (Two) | $184,762,665 | 10.87% | 133 | 95 |
| Florida | $57,466,594 | 3.38% | 49 | 49 |
| Maine | $7,601,468 | 0.45% | 13 | 13 |
| Michigan | $71,904,040 | 4.23% | 80 | 80 |
| Puerto Rico | $70,947,229 | 4.17% | 34 | 28 |
| Texas | $95,413,705 | 5.61% | 85 | 60 |
| Washington | $24,586,682 | 1.45% | 29 | 26 |
| Sampled | $697,445,048 | 41.03% | | |
| All States | $1,700,448,467 | | | |

Because not all grantees and delegates received expansion funds, not all were eligible for selection at the second stage of sampling. At this stage, we selected grantees and delegates using simple random sampling until we obtained 10 grantees or delegates who received expansion funds in FYs 1990 and/or 1991.

The adjusted number of grantees in the above table represents the estimated number of grantees and delegates that received expansion funds based upon our sampling results. Projections used in this report are based upon this adjusted number of grantees.

From May through July 1992, we conducted either on-site visits or telephone interviews with each grantee and delegate using structured discussion guides. For the delegates in our sample, we also interviewed their parent grantees about their experiences managing expansion. In addition, we reviewed grantee and delegate records to collect management and performance data. We also conducted interviews with all 10 ACF regional offices as well as headquarters staff about their experiences with and ability to provide support for expansion.

The following findings reflect grantee and ACF staff experiences and opinions about expansion. The quotes reflect the general sentiment of Head Start directors and ACF and grantee staff, not just the opinion of one director or staff person. We conducted this inspection in accordance with the ***Quality Standards for Inspections*** issued by the President's Council on Integrity and Efficiency.

# FINDINGS

## SOME GRANTEES EXPERIENCED DIFFICULTY ENROLLING CHILDREN, AND FEW PLAN TO SERVE ALL ELIGIBLE 4-YEAR-OLDS BY 1993

***Thirteen percent of grantees were unable to enroll all of the additional children planned under expansion***

With the first 3 expansions, ACF funded grantees to enroll 148,500 additional children. Grantees enrolled approximately 94 percent of this total. Our projections show that 181 grantees were unable to enroll 8,700 children who had been funded under expansion. The major reasons were (1) obtaining, renovating, or licensing facilities, (2) planning and management obstacles, and (3) finding eligible children. Specifically, of the 181 grantees:

- more than 30 percent were unable to obtain facilities, and an additional 15 percent were unable to complete facility renovations prior to the start of the school year;
- approximately half identified management issues, such as the need to reorganize, hire management staff, or develop computerized systems; and
- more than a quarter were unable to find eligible children.

***Despite expansion, more than 40 percent of Head Start directors report an increase or no effect on the number of children on their waiting lists***

Directors indicated that Head Start's increased visibility and credibility in recent years have resulted in more community interest and increased applications. Other grantees reported that expanding to previously unserved areas, better recruitment efforts, and increased poverty in their service areas have resulted in increased waiting lists.

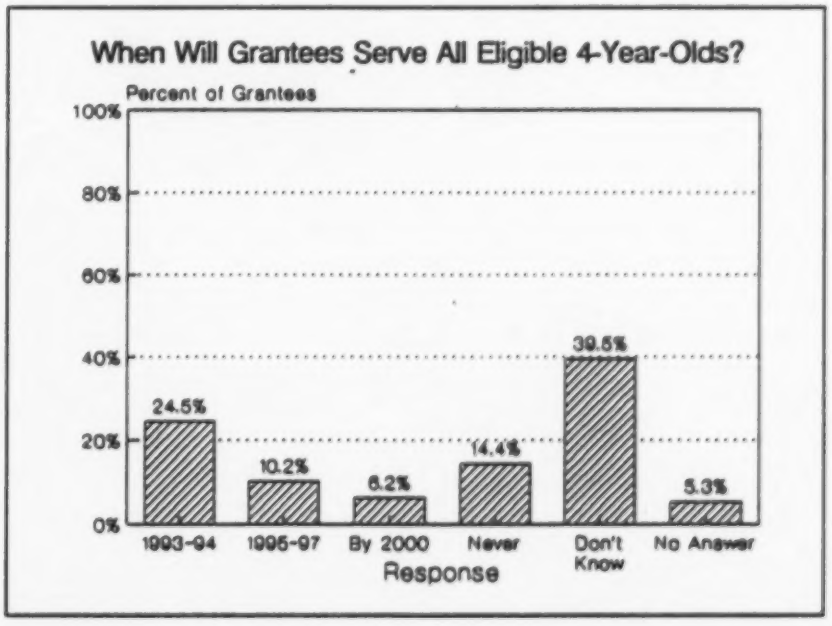
Approximately 30 percent of the directors noted only a small reduction on the length of their waiting lists. A quarter of the grantees said they have enrolled more 3-year-old children since expansion. These grantees were less likely than others to experience large decreases in their waiting lists.

***More than 75 percent of all grantees applied or planned to apply for both the 1992 and 1993 expansions***

Almost all grantees believe there are sufficient children to warrant further expansions, but some grantees are already serving all eligible children in their service area. In addition to these grantees who can't expand, other grantees will not apply for expansion funds because they cannot locate facilities or they don't believe that they can handle another expansion at this time.

*Only one-quarter of grantees indicated that they plan to serve all eligible 4-year-olds by 1993*

At the time that we conducted interviews, which was prior to the 1993 expansion announcement, grantees were pessimistic about their ability to serve all eligible 4-year-olds by 1993. We specifically asked them whether they planned to serve all eligible 4-year-old children in their service areas by the 1993-94 school year, and, if not, when they expected to, given their knowledge of the current and future pace of expansion. More than 14 percent of all Head Start directors said they would never be able to enroll all eligible 4-year-olds. These grantees frequently reported that they are serving only a very small percentage of the eligible children in their service areas. Only 41 percent of grantees predicted that they would serve all eligible 4-year-olds in their service areas by the turn of the century. The following chart illustrates their predictions:




## THE GREATEST CHALLENGE GRANTEES FACED DURING EXPANSION WAS OBTAINING ADEQUATE AND AFFORDABLE FACILITIES

*Grantees had to find, renovate, or build centers and classrooms*

Approximately one-third of the grantees cited problems finding and renovating facilities as the biggest challenge they faced during expansion. Almost all grantees (95 percent) had to obtain additional space, and one-third of these (more than 450 grantees nationally) encountered major difficulties. More than 70 percent had to renovate their newly acquired space. The major difficulties were:

- the lack of adequate facilities in their service areas,
- the poor condition of the properties and/or the need for substantial renovation,
- the timing of expansion funding (e.g., delays until the end of the school year), and
- the high cost of rent and/or renovations.

Licensing and zoning were problems for approximately 10 percent of the grantees and can be major obstacles in some parts of the country. For example, one grantee had negotiated an agreement with a church to use a vacant lot for a portable, but the county refused to license the facility because "the lot was a foot or two short" of the local zoning ordinance requirement.

*Some grantees addressed facility problems by using the home-based option*

Because they were unable to open classrooms, some grantees expanded enrollment in existing home-based programs while others provided home-based services for the first time. The latter viewed the home-based option as a temporary solution. They plan to return to center-based services as soon as the facilities are ready for classroom use.

*One-third of the grantees believe their existing space is inadequate*

Grantees complained about sites that are "dismal, drab, and dreary," "contaminated with lead paint," and "so cramped for space that there is no place to hold parent meetings while classes are in session." The OIG staff came away with similar impressions and observed that more than half of the Head Start centers and playgrounds they visited were only adequate or poor. The size, safety, and location of outdoor play areas was considered a liability at approximately one-quarter of the sites. The OIG staff identified only 3 out of 45 centers they considered "models" for others to emulate. The OIG's Office of Audit Services currently is reviewing Head Start, foster care, and day care facilities to assess compliance with State and local health and safety standards.

Approximately 45 percent of the grantees who complained about their space said they need completely new facilities. The others need upgrading or renovation, more space, and/or improved handicapped access. More than 68 percent of all grantees anticipate facility problems with future expansions.

Grantees also cite the need for training and technical assistance in obtaining and renovating space. For example, they need specific training in working with electrical engineers, architects, and general contractors. As one grantee said, "They speak a totally different language." Another grantee pointed out, "We didn't anticipate or understand all the issues that would be involved in setting down a portable (e.g.,

grading, sewers, required clearances, digging wells for water). The result was that things didn't go smoothly, and there was a 4-month delay in opening the site."

***Federal prohibitions against purchasing property with Head Start funds exacerbated problems***

Since we conducted fieldwork, Congress passed the Head Start Improvement Act of 1992, which contains provisions allowing grantees to purchase facilities and may help resolve grantees' problems upon implementation. Prior to the passage of the legislation, approximately 80 percent of the grantees believed it would be advantageous to purchase property and stated that there is space available for purchase in their service areas. They believed purchasing property would:

- be cost effective,
- improve the stability of their programs,
- allow them to custom-build or obtain more suitable facilities, and
- make it easier to acquire space by increasing the number of options.

Grantees are frequently faced with escalating rents and the possibility of eviction at the end of a lease. Rents may escalate for a variety of reasons: gentrification of the neighborhood, a school board or other public agency's need to generate revenue because of budget shortfalls, or merely a landlord's desire to take advantage of a tenant who has invested considerable sums of money renovating a building. One grantee summarized the experiences of many, "Owning property would protect us from outrageous increases. Rents have been going through the roof recently. The monthly rent for our administrative office increased from $275 to $825 in just 18 months." Other grantees said that for the amount of rent they paid, they could have purchased their centers three or four times. Others complained that they spend a fortune on renovations only to be evicted at the end of their leases which typically run from 1 to 5 years.

Although it wasn't easy to overcome these obstacles, grantees were usually able to locate and renovate space without serious delay. Because of their perseverance, more than half the grantees were able to locate new space within 3 months, and almost three-fourths were able to do so within 6 months. Approximately 9 percent required more than a year. Once they received their funding, grantees needed an average of 4 months to complete renovations. Approximately 13 percent needed more than 6 months.

## WHILE ALMOST ALL GRANTEES HIRED ADDITIONAL STAFF, 40 PERCENT HAD DIFFICULTY FINDING QUALIFIED STAFF

Head Start staff are not just day care workers. They not only teach children and parents, but also handle a diversity of problems from drugs to parenting to multicultural and language barriers. As one director stated, "With our starting wages, we're not going to attract the kind of person who is bilingual, bicultural, etc." Another grantee's recruiting and hiring experiences are typical, "Due to the present economic situation, we have had plenty of teachers and social workers applying. However, these people don't have experience with preschool children."

Grantees believe the problems in recruiting and retaining staff are mainly two-fold: the lack of qualified staff and the inability to offer acceptable salaries and benefits. Although all grantees face both problems, rural grantees have a greater problem finding qualified staff, and urban grantees have a greater problem offering competitive salaries and benefit packages. These problems may become more intense as a result of the 1990 reauthorization legislation that requires Head Start teachers to be certified by September 30, 1994.

Almost half of the grantees reported offering salaries and benefits that were not comparable to similar jobs in the community. Of these, 82 percent said this is a barrier to hiring qualified staff. This is mainly a problem in urban areas where experienced Head Start teachers are lured away by higher salaries and benefits. Head Start competes for staff with the public school system, child care programs, and community action agencies. Health insurance, sick days, and vacation time are not part of many Head Start job packages. Salaries sometimes as low as half of those paid to public school teachers prompted one director to comment, "The issues and problems Head Start staff have to deal with are very complex. Staff capable of handling these get better paying jobs elsewhere." We did not independently compare the salaries and benefits among Head Start and other child care programs, but salaries are a great concern to grantees.

## EXPANSION HINDERED GRANTEES' ABILITY TO PROVIDE ADEQUATE TRANSPORTATION

Thirty percent of grantees do not provide transportation for children. Instead, they are located within walking distance of their service population, encourage parents to carpool, utilize public school bus systems, or have worked with the local transit system to design bus routes that are accessible.

Of the grantees that provide transportation, more than one-third report that expansion has had an adverse impact on their ability to transport children. The problems arose from (1) expansion into remote, rural areas, (2) increased enrollment that exceeds the capacity of their vehicles, and (3) increased salary costs. More than 56 percent of the grantees anticipate transportation problems with future expansions, including the need

for additional vehicles and longer distances to cover new and more remote service areas.

Geographically dispersed service areas pose particular problems. One grantee claimed that transportation problems in a remote area hampered its ability to maintain the required 85 percent average daily attendance. Another grantee thought that it had overcome distance, 20 feet of snow per year, and safety concerns by purchasing two vans with four-wheel drive and anti-lock brakes. The grantee was soon faced with another problem, however, when the State decided to adopt Federal transportation guidelines that specify children must be transported in school buses, not vans.

Increased enrollments have required grantees to send vehicles on double runs or purchase additional vehicles. Several grantees requested funds for additional vehicles. The ACF has been responsive to grantees' requests, and only one grantee reported that its request for a bus had been denied.

Grantees that purchased buses have experienced increased salary costs because of State bus driver licensing requirements. Some grantees use vans, which carry fewer children, for this very reason.

## EXPANSION INCREASED THE DEMANDS ON SOCIAL SERVICES

Grantees report that expansion increased the number of (1) families with complex needs, (2) children with behavioral problems and special needs, and (3) families with drug and alcohol abuse problems. Not only did the number of these families increase, but also the severity of their problems. Almost 40 percent of grantees report that currently enrolled children come from families who are economically worse off than the families they served before expansion. This finding mirrors one from a November 1989 OIG study entitled "Dysfunctional Families in the Head Start Program: Meeting the Challenge," (OAI-09-89-01000). The study found that the comprehensive needs of dysfunctional families pose a special challenge for grantees. These families need a wide range of services that place additional and frequently burdensome demands on Head Start social service components.

Almost half of all grantees said that the greater number of children with certified special needs increased the complexity and volume of their work as well as their need for more supervisors. Certified special needs include children who are hearing impaired, speech impaired, visually handicapped, crippled, and seriously emotionally disturbed. These children frequently need modified physical facilities, modified curricula, new or different feeding skills, and continuation of special medical care.

The diminishing availability of community services for children and families worries grantees. They are concerned about the decreasing numbers of professionals who are willing to donate services, the increased burden on publicly-funded facilities, and the diminishing number of doctors willing to accept Medicaid.

## BOTH GRANTEES AND ACF ARE HINDERED BY INADEQUATE PLANNING

***Lack of adequate planning overwhelms staff, impairs morale, causes undue stress, and undermines quality***

Twenty-five percent of grantees said that adequate planning is a critical factor in their ability to expand. Grantees believe that expanding too quickly leads to management, compliance, quality, staffing, and facility problems. Both grantees and ACF regional staff believe they need time to assess past expansions before proceeding with new ones. Long-range strategic planning is crucial. Typical comments included, "Head Start needs a master plan," "we need to step back and see the impact of expansion before moving on," and "our growth has outdistanced our administrative capacity."

***The ACF Regional Offices suggest a more flexible and fair allocation system***

To simplify and expedite the allocation of expansions funds, ACF decided to award grantees a minimum of $50,000, which operationally became the standard expansion amount. Both grantees and ACF staff would like a more flexible needs-based system to replace or amend the arbitrary allocation of $50,000. One regional manager summarized the views of many: "Allocations should be competitive and based on need."

Regional staff suggested some solutions: allow for more regional flexibility in funding decisions, eliminate the $50,000 minimum, and/or use census data to rank needy areas. Regional staff emphasized the importance of using 1990 census data, rather than updated 1980 census data, as a basis for determining need. Many grantees agreed that the current statistical data are too inaccurate to be used for assessing community needs and projecting the number of eligible children. As one regional manager said, "The 1980 data do not take into account the massive population shifts from region to region." The ACF began using 1990 census data for allocation of FY 1993 funds.

***Approximately half of the grantees did not receive timely expansion funding***

Many grantees were unable to enroll children on time and incurred carry-over balances, because they did not receive their expansion money until late in the school year. In fact, 47 percent of the grantees were unable to enroll children before the end of the school year and, as a result, twice as many had carry-over balances than before expansion.

Of the grantees who had carry-over balances, 41.4 percent had balances that exceeded the minimum expansion figure of $50,000. Before expansion, only 18 percent of the programs had carry-over balances exceeding $50,000.

Despite their concern about carry-over balances, only 13 percent of grantees requested funding delays and only 4 percent refused expansion funding. Some directors believe

that refusing expansion funding will lead to a complete cessation of all expansion opportunities rather than the adoption of a more gradual approach.

Many grantees believe that even with adequate lead time, large expansions should not occur on an annual basis. One director summarized, "I am afraid to tell my staff that we are expanding again. Our days are already 12 hours."

***The non-federal matching requirement was a problem for more than one-third of grantees***

Expansion strained many grantees' ability to meet the non-Federal share matching requirement, i.e., 20 percent of their total budget. Large expansions, one-time start-up funds, the recession, and an increase in two-parent working families have all contributed to the matching problem. Some programs have doubled in size. The recession has limited business contributions. Parent volunteer hours have dropped as more parents enter the workforce.

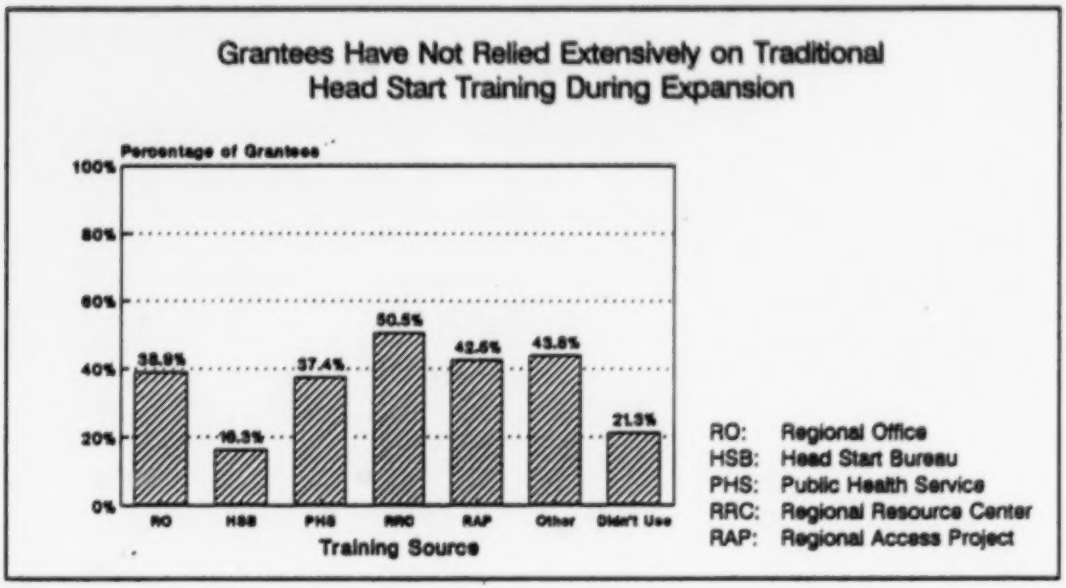
The matching requirement will become more burdensome in the future. More than one-quarter of the grantees who did not consider matching to be a problem during past expansions expect problems in future expansions. To lessen the demands on programs, grantees suggested lowering the match, excluding some types of funding (e.g., one-time costs for purchasing portables or renovations) from the match, or eliminating the match requirement altogether. Grantees would then be able devote more time to serving children and families, rather than spending so much time "beating the bushes" and accounting for matching funds.

While the intention of the matching requirement is laudable, some realities are suspect. In-kind contributions can be a form of paper shuffling. One grantee found another $10,000 just by reviewing its records again. Some grantees have been "creative," for example, by counting parental transportation to the center and parental attendance at home visits as in-kind contributions.

The ability to match Head Start funds in the future is a particular concern for grantees. A typical grantee comment is, "The public's perception of Head Start expansion is that we have a lot of money and that we don't need anything. We have lost a lot of donations. Business put us at the bottom of the pile for donations."

***While 80 percent of the grantees that needed help during expansion said they received assistance, much of it came from in-house or private consultants***

Traditional Head Start technical assistance and training--that offered by ACF regional offices, the Public Health Service, or the Regional Access Project, for example--was underutilized by grantees. As illustrated in the chart on page 13, fewer than half of the grantees used training and technical assistance offered by these organizations during expansion. Fewer than a quarter used that offered by the Head Start Bureau. More than half, however, did use the Regional Resource Center.




Grantees that used the traditional training sources were relatively satisfied. Almost 70 percent of the grantees that used any of these sources believe their needs were fully met. Many grantees do not use these sources, however, because they consider the training to be incomplete, inappropriate, and inaccessible. According to one Head Start director, "They don't have travel money, and I can't afford to send my staff to them. How can I utilize the training if it's not available to me here?" Another director described the Head Start Bureau and regional office trainings as "very limited" while still another said, "A lot of helpful information does not get out of the regional office." Furthermore, some delegates complained that their grantees limited their access to traditional training and technical assistance.

*Grantees need additional management staff to handle future expansions*

Proper planning and implementation of new procedures requires an adequate number of experienced and trained management staff. Approximately one-third of grantees considered management issues to be their biggest challenge for future expansions. Grantee directors and ACF regional staff worry that not enough of the expansion funding is spent on management and program administration, including computerization.

*Grantees anticipate myriad problems with future expansions*

According to grantees, the problems they faced during previous expansions will not only continue but probably will increase with future expansions. The following chart summarizes the most common problems anticipated by grantees:

SIGNIFICANT PROBLEMS AREAS

| Anticipated Problems | Percent Mentioning | Common Barriers |
|---|---|---|
| Facilities | 68.5 | Availability, zoning requirements |
| Services For Children | 61.7 | Overall shortage of services |
| Services For Families | 59.8 | Overall shortage of services |
| Transportation | 56.1 | Need for additional equipment |
| Staff | 43.4 | Lack of qualified staff, low salaries |
| Matching Federal Funds | 41.7 | Support agency cutbacks, fewer volunteer hours |

# RECOMMENDATIONS

Because Head Start has changed dramatically since its inception during the 1960s, ACF should restructure the way it plans for and implements future Head Start expansions. In doing so, ACF should:

1. **Develop regional expertise and offer grantees specialized assistance with facilities.** Guidance should include appropriate safeguards against fraud and abuse in its implementation of the facility purchase provisions of the Head Start Improvement Act of 1992. Furthermore, ACF should ensure that it provides grantees clear guidance when purchasing or otherwise acquiring facilities.

2. **Develop strategic and long-range plans to handle future expansions better.** The goal of these plans should be to help grantees plan for future funding and enrollment increases, to address administrative and management weaknesses, and to otherwise evaluate and implement program improvements.

3. **Improve its training and technical assistance and reevaluate the effectiveness of its technical assistance contracts.** The ACF should evaluate grantees' utilization of each resource, the appropriateness of the training offered by each organization to the grantees' overall training needs during expansion, and the quality of each training resource as measured by grantee evaluations.

## AGENCY COMMENTS

We received written comments on the draft report from ACF, ASPE, and ASMB. The ACF concurred with the first two recommendations but requested that we clarify the recommendation concerning training and technical assistance. We have modified the recommendation so that it is more directly linked to our finding that grantees underutilized traditional Head Start training resources during expansion. We have also addressed ACF's concerns about several details in the report's findings and have added language to explain that the report is based solely on the opinions of grantees. These opinions shed light on the attitudes and outlook of the individuals who will be responsible for implementing future expansions and, as ASPE stated in their comments, "...have direct relevance to policy decisions being made about how future expansions are handled..."

The ASPE and ASMB provided useful comments and suggestions, many of which we have incorporated in the final report. In response to specific comments from ASPE, we have added information about the companion report, "Evaluating Head Start Expansion through Performance Indicators." We have also modified the executive summary and recommendations to reflect ASPE's concerns. In response to comments from ASMB, we have further clarified that the report is based solely on the opinions of grantees and not on the record-based review that is the subject of the companion report on performance indicators.

The complete text of the ACF comments and a detailed response is contained appendix A. The complete text of the ASPE and ASMB comments can be found in appendix B.

*The Secretary has initiated a comprehensive examination of Head Start with a particular emphasis on quality and accountability. The Secretary's initiative includes (1) immediately identifying poorly performing grantees, designing corrective actions, providing technical assistance, and ensuring that grantees that provide high quality services receive program funds and (2) conducting an in-depth review of the program with the help of an intellectually diverse expert study panel and using the results to design the Head Start program of the future.*

# APPENDIX A

ACF COMMENTS ON THE DRAFT REPORT AND
DETAILED OIG RESPONSE

DEPARTMENT OF HEALTH & HUMAN SERVICES

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DATE SENT 3/16

ADMINISTRATION FOR CHILDREN AND FAMILIE
Office of the Assistant Secretary, Suite 600
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

March 15, 1993

RECEIVED
OFFICE OF INSPECTOR GENERAL
93 MAR 16 PM 2:1

TO: Bryan B. Mitchell
Principal Deputy Inspector General
Office of the Inspector General

FROM: Acting Assistant Secretary
for Children and Families

SUBJECT: Comments on Office of Inspector General Draft Report: "Head Start Expansion: Grantee Experiences," (OEI-09-91-00760)

Thank you for the opportunity to review the draft of your report entitled "Head Start Expansion: Grantee Experiences."

We believe that the report reasonably reflects the experiences of grantees in implementing recent Head Start expansion efforts. Your findings that securing appropriate facilities and hiring and training qualified staff were problems are consistent with what we have learned about recent expansions. We have also been concerned about the strains on transportation and social services brought about by the expansions.

However, we do have some concerns which stem from the way in which the information for the report was gathered and the presentation of some of the findings. As we understand it, the report is based solely on grantee or staff perceptions and attitudes. These perceptions are very sensitive to the way the questions were asked and when they were asked. The result is a report which mixes fact and opinion. On page 5, for example, the title reads: "Some grantees experienced difficulty enrolling children." This statement is undoubtedly factual and, as noted above, consistent with our observations. On page 6, however, the report states that "more than 14 percent of all Head Start directors said they would never enroll all eligible 4-year olds." The report does not state what assumptions were made by the directors in answering this question, nor the context in which it was asked. It is thus difficult to understand what the 14% statistic means, particularly as we would assume that given sufficient resources all programs could eventually serve all eligible 4-year olds. This type of problem is also found in other sections of the report, particularly the discussion on training and technical assistance, in which a distinction is made

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between "traditional" and other types of training and technical assistance. We do not understand how the chart and discussion on pages 12-13 help inform future policy decisions about the expansion process or our training and technical assistance program (see also our comment on the third recommendation, below).

We would also suggest that the report provide more descriptive information on the methodology used so that the reader will be aware that, in some instances, opinions or "predictions" were elicited from the interviewees. This is especially important because of the selective use of quotes in the report. We are unable to judge whether the many quotes throughout the report are truly reflective of the opinions of Head Start staff or if they represent the opinion of just one Head Start Director. Our concern is that these quotes will be read as representing the opinions and experiences of all Head Start grantees and that conclusions will be drawn which may be inaccurate when applied to the greater Head Start community.

In addition to the general comments noted above, we have several specific comments, as follows:

On page 3, the second paragraph is incorrect. No specific amount of expansion funds was made available to American Indian grantees; rather, each grantee was given an opportunity to apply for expansion funds if the grantee was not serving all the eligible children in its service area.

On page 5, the first bullet indicates more than half of the grantees were unable to obtain facilities or have them ready at the start of the school year. It would be helpful to know what proportion of the grantees were truly unable to find facilities as opposed to those that found them but did not have them ready at the start of the school year.

Also on page 5, the report indicates that more than a quarter of Head Start programs were unable to find eligible children. On page 11 the report states that only 4 percent of the grantees refused expansion funding. The report should provide more information in order to understand what accounts for the apparent discrepancy between these two findings.

On page 11, there is a statement that Regional staff emphasized the importance of using 1990 Census data. We do not disagree with the desirability of using current data. However, the 1990 Census data were not available for use in allocating FY 1992

expansion funds, and a note to this effect should clarify that we used the most current data available at the time the allocations were made.

We have the following comments regarding the recommendations made on pages ii and 15 of the report.

OIG Recommendations

Because Head Start has changed dramatically since its inception during the 1960s, ACF should restructure the way it plans for and implements future Head Start expansions. In doing so, it should consider:

- developing regional expertise and offering grantees better assistance with facilities,
- developing strategic and long-range plans to handle future expansions better, and
- improving its training and technical assistance and reevaluating the effectiveness of its technical assistance contracts.

ACF Response

- With regard to the first recommendation, the change in legislative authority regarding the purchase of facilities has, of course, considerably altered the nature of the Regional expertise and technical assistance that is needed in this area.

  We will work to identify the specific types of expertise and assistance grantees will need, and then to find ways to provide these. A "Head Start Facilities Manual" (the exact title has not been decided) is currently in draft form, and will be ready for dissemination to the Regional Offices and to grantees within the next few months. We hope that this manual will be of great assistance as grantees explore new approaches to solving problems with facilities.

- We agree with the second recommendation regarding strategic planning, and will endeavor to provide Regional Office staff and grantees with the maximum time available to carry out future expansions. However, we note that the recent expansions of Head Start were, in fact, based on a long-term

Administration plan for universal Head Start that was transmitted to the Regional Office staff and to grantees. Given the timing constraints on the appropriation cycle, the requirement that funds be obligated in the fiscal year of an appropriation, and the recent legislative requirement that guidance on expansion be sent to grantees within 90 days of an appropriation, there was not sufficient time for planning of the type described.

- The third recommendation regarding the relationship between technical assistance contracts and implementing Head Start expansion is not clear. We would appreciate the opportunity to discuss this matter further with you so that the recommendation can be fully understood and any necessary action taken.

If you have any questions on this memorandum, please contact Joseph Mottola on 205-8347.

Laurence J. Love

## OIG RESPONSE TO ACF'S COMMENTS

### GENERAL CONCERNS

**ACF COMMENT (Page 1):** *"...we do have some concerns which stem from the way in which the information for the report was gathered and the presentation of some of the findings. As we understand it, the report is based solely on grantee or staff perceptions and attitudes. These perceptions are very sensitive to the way the questions were asked and when they were asked. The result is a report which mixes fact and opinion. On page 5, for example, the title reads: 'Some grantees experienced difficulty enrolling children.' This statement is undoubtedly factual and ,as noted above, consistent with our observations. On page, 6 however, the report states that 'more than 14 percent of all Head Start directors said they would never enroll all eligible 4-year-olds.' The report does not state what assumptions were made by the directors in answering this question, nor the context in which it was asked. It is thus difficult to understand what the 14% statistic means, particularly as we would assume that given sufficient resources all programs could eventually serve all eligible 4-year olds.*

**OIG RESPONSE:** We have added the following caveat to the introduction to the report: "The following findings reflect grantee and ACF staff experiences and opinions about expansion." The inspection was designed to elicit grantees' experiences and perceptions about expansion, including their predictions about their ability to expand in the future.

Grantees were highly pessimistic about their ability to serve all eligible children, regardless of resources. The number of eligible children in some service areas is several thousand, far larger than existing grantees could serve, even with future expansions. Therefore, ACF's statement that "...we would assume that given sufficient resources all programs could eventually serve all eligible 4-year olds..." is not accurate, according to grantees. We have, however, revised the section on eligible 4-year-olds to clarify how we asked the question.

**ACF COMMENT (Pages 1-2):** *This type of problem is also found in other sections of the report, particularly the discussion on training and technical assistance, in which a distinction is made between 'traditional' and other types of training and technical assistance. We do not understand how the chart and discussion on pages 12-13 help inform future policy decisions about the expansion process or our training and technical assistance program..."*

**OIG RESPONSE:** We have revised the report to emphasize that we asked grantees about their utilization of specific training resources, such as the regional offices, regional resource centers, and Public Health Service. We designated this group of HHS components and HHS contractors as "traditional" sources. Head Start grantees have negative impressions of these resources, and a significant percentage of Head

Start grantees are not receiving training and technical assistance from them. Furthermore, many of the grantees who use these resources are not receiving quality assistance, in their opinion. In this context, the finding and the chart we used are intended to provide information about ACF's need to reevaluate its training and technical assistance. On this basis, we made our third recommendation.

**ACF COMMENT (Page 2):** *"We would also suggest that the report provide more descriptive information on the methodology used so that the reader will be aware that, in some instances, opinions or 'predictions' were elicited from the interviewees. This is especially important because of the selective use of quotes in the report. We are unable to judge whether the many quotes throughout the report are truly reflective of the opinions of Head Start staff or if they represent the opinion of just one Head Start Director. Our concern is that these quotes will be read as representing the opinions and experiences of all Head Start grantees and that conclusions will be drawn which may be inaccurate when applied to the greater Head Start community."*

**OIG RESPONSE:** As mentioned above, we have added the following caveat to the introduction to the report: "The following findings reflect grantee and ACF staff experiences and opinions about expansion." In addition, we have added the statement, "The quotes reflect the general sentiment of Head Start directors and ACF and grantee staff, not just the opinion of one director or staff person." We also have clarified many of the quotes in the body of the report to illustrate that the quote reflected the sentiments of several or many Head Start directors and staff.

## SPECIFIC COMMENTS

On pages 2 and 3 of its comments, ACF made specific, technical comments and asked that we clarify other statements in the report. We have addressed all of these comments by making necessary revisions, clarifications, and additions to report.

## RECOMMENDATIONS

**ACF COMMENT:** *With regard to the first recommendation, the change in authority regarding the purchase of facilities has, of course, considerably altered the nature of the regional expertise and technical assistance that is needed in this area. We will work to identify the specific types of expertise and assistance grantees will need, and then to find ways to provide these. A "Head Start Facilities Manual" (the exact title has not been decided) is currently in draft form, and will be ready for dissemination to the regional offices and to grantees within the next few months. We hope that this manual will be of great assistance as grantees explore new approaches to solving problems with facilities.*

**OIG RESPONSE:** No response is necessary.

**ACF COMMENT:** *We agree with the second recommendation regarding strategic planning, and will endeavor to provide regional office staff and grantees with the maximum time available to carry out future expansions. However, we note that the recent*

*expansions of Head Start were, in fact, based on a long-term Administration plan for universal Head Start that was transmitted to the regional office staff and to grantees. Given the timing constraints on the appropriation cycle, the requirement that funds be obligated in the fiscal year of an appropriation, and the recent legislative requirement that guidance on expansion be sent to grantees within 90 days of an appropriation, there was not sufficient time for planning of the type described.*

**OIG RESPONSE:** No response is necessary.

**ACF COMMENT:** *The third recommendation regarding the relationship between technical assistance contracts and implementing Head Start expansion is not clear. We would appreciate the opportunity to discuss this matter further with you so that the recommendation can be fully understood and any necessary action taken.*

**OIG RESPONSE:** We have revised and clarified the recommendation to more directly link the recommendation with our finding that grantees underutilized traditional Head Start training resources during expansion.

# APPENDIX B

## ASPE AND ASMB COMMENTS ON THE DRAFT REPORT

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary

Washington, D.C. 20201

JAN 13 1993

| | |
|---|---|
| ACF | |
| PDIG | ✓ |
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| AIG-MP | ✓ |
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| EXSEC | ✓ |
| DATE SENT | 1/15 |

TO: Bryan B. Mitchell
Principal Deputy Inspector General

FROM: Assistant Secretary for Planning and Evaluation

SUBJECT: Comments on OIG Draft Report: "Head Start Expansion: Grantee Experiences," OEI-09-91-00760

Thank you for the opportunity to review the draft report of this important inspection. This report, and its companion "Evaluating Head Start Expansion Through Performance Indicators," both have the potential to guide HHS policy in the coming months. I believe these are among the most significant reports your office has produced on children's issues in recent years. I am extremely concerned, however, that the findings are not currently presented so as to maximize their utility for future policy discussions. I am particularly concerned with the recommendations section of the report and the executive summary. In addition, the two reports on Head Start expansion are closely related and should refer to one another more than they do now.

Below I describe what I consider an appropriate presentation for this report. If changes such as those below are not made, I request that these comments be included at the end of the final report. I have also attached notation of several minor language clarifications my staff have suggested.

Opening Section

The experiences of grantees reported in this inspection have direct relevance to policy decisions being made about how future expansions are handled, and in particular the distribution of funds for FY 1993 and beyond. I recommend that the opening section of this report establish this context in which the findings should be viewed.

In addition, this report should more explicitly reference the "performance indicators" report. In particular it should clearly note that while that report found that expansion has not yet had an effect on the quality indicators examined, the programmatic weaknesses reported in that report, combined with the local and federal management concerns expressed in this report, raise significant questions about readiness for future expansion. Improving quality and management in the face of future expansion must be addressed as the program moves forward.

Recommendations Section

I am extremely disappointed in the recommendations section of this report. The recommendations as written do not reflect the seriousness of the issues raised in the findings and are not specific enough to guide ACF and the Secretary in making programmatic and administrative changes which should be considered. I suggest the recommendations reflect the following:

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1. **Program management at the federal, grantee, and project levels** – Since your inspectors found weaknesses overall in the management of Head Start grants, and have said informally that they believe the current federal management structure should be reconsidered, a recommendation for a formal and overall management review of the program would therefore seem appropriate. The findings of the performance indicators report similarly suggest the need for such a review. Given the large amount of funds, grants, and projects involved, continuing to manage the program in the same way as during the 1970s is questionable.

2. **Matching requirements and facilities purchase** – As you note, the Head Start Improvement Act passed in October of 1992 makes changes in the program in the areas of matching requirements and facilities purchase. Both these areas are ones in which there is potential for inequitable implementation across regions as well as for fraud and abuse. Particularly since it is likely that the OIG will be asked a couple of years from now to audit implementation of these new provisions, we suggest that this report provide up-front guidance to ACF regarding what guidelines and safeguards should be put in place, based on your knowledge of problems in other federal programs.

3. **Strategic planning** – I would suggest providing more detail regarding the recommendation for long range and strategic plans. In particular, the recommendation should briefly, but explicitly, discuss the fact that choices have been made and will continue to be made about how to spend the FY 1993 funding increase as well as any future increases. Trade-offs will be made between serving additional children, increasing the hours of program operation, strengthening the quality of existing services, and addressing administrative and management weaknesses. Each of these choices has consequences for the direction of the program, and should be considered in a systematic fashion resulting in a strategic plan that shapes program spending in the coming years.

4. **Training and technical assistance on both program and program management matters** – The Head Start Bureau has recognized the weakness in its training and technical assistance efforts, and is in the process of reorganizing them. Does this effort satisfy your concerns about T/TA (in which case the recommendation should probably support these changes) or are there additional concerns that should be addressed (in which case more detail is necessary).

Executive Summary

The Executive Summary should include a paragraph on the policy context in which this report should be viewed (as described above) and the relationship between this report and the performance indicators report. The recommendations section of the Executive Summary should reflect changes made to the recommendations section as suggested above.

Should you have any questions about our comments, please contact Ann Segal of my staff at 690-7148.

Martin H. Gerry

Attachment

Minor Clarifications in Language Suggested

- Page ii (and other places) says that the Head Start Improvement Act "permits grantees to purchase facilities." This language suggests that the act broadly permits facilities purchase at grantee discretion. In fact, as we understand it, the law is more circumspect, requiring HHS approval of requests for purchase of facilities and allowing the Secretary to set guidelines for such purchases.

Related to this, the discussion of facilities on pages 7-8 is misleading because it presents only the advantages, and not the disadvantages, of facilities purchase. While the IG's office has expressed concern about facilities purchases in other contexts, this report fails to point out such concerns and leaves the reader with the impression that such purchases are undoubtedly an effective solution to grantee concerns.

- Page 2 talks about "the Administration." During this time of transition, and depending on when the report is actually issued, this language needs clarification (or omission).

- Page 2 contains the phrase "all eligible children (including four year olds)." Why does it need the clarification that eligible children includes four year olds? Was this intended to be particularly four year olds, perhaps?

DEPARTMENT OF HEALTH & HUMAN SERVICES

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Office of the Secretary

Washington, D.C. 20201

JAN 25 1993

TO: Bryan B. Mitchell
Principal Deputy Inspector General

FROM: Elizabeth M. James
Acting Assistant Secretary for Management and Budget

SUBJECT: OIG Draft Report: "Head Start Expansion: Grantee Experiences," OEI-09-91-00760

Thank you for the opportunity to review the draft report Head Start Expansion: Grantee Experiences. This report as well as OIG's two other companion reports on Head Start expansion will be very valuable to the program at this point in its history. I have several general as well as specific comments and recommendations on this report.

GENERAL COMMENTS

- The two reports, Grantee Experiences and Performance Indicators, as currently drafted appear to contradict each other. Grantee Experiences leads the reader to believe there are significant problems with expansion, whereas Performance Indicators seems to prove that expansion alone has not yet caused significant problems. We suggest the IG attempts to integrate the findings of these reports so a reader of both reports is not left confused.

- Grantee Experiance is based on the feelings and opinions that Head Start grantees expressed during interviews. However, the second IG report in the series, Performance Indicators, is based on a statistical analysis done by IG investigators. This distinction is important and should be highlighted in the Executive Summaries.

- Grantee Experiences suggests that all of the problems grantees are currently having are caused by expansion, when in fact they may be inherent in the Head Start program and have only been exacerbated by expansion. For example, grantees would still have problems finding affordable facilities even if expansion did not happen. Expansion has just made it more difficult. This report should clearly state that these problems would still exist without expansion. The second report, Performance Indicators, seems to verify this by finding no statistical difference in pre- and post-expansion quality indicators. This should be stated when cross-referencing the two reports.

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SPECIFIC ISSUES

Page ii and Page 15 - Shaded Box: The second sentence in the first paragraph is somewhat misleading as the Department never prepared a FY 1994 policy budget, only a baseline budget. Suggested replacement sentence: "These findings provided

information to these agencies for preparing future budgets and planning for future expansions."

Page ii and Page 15 - Shaded Box: The recommendations concerning facility purchases and the match requirement have been deleted in light of passage of the Head Start Improvement Act. We suggest not removing these recommendations, but changing them to reflect the new legislation. Each issue has numerous implementation problems and the IG may want to craft recommendations regarding what types of safeguards ACF should put in place so Head Start's fiscal integrity is assured. Perhaps these recommendations can guide ACF in developing regulations for each of these issues.

The report states that over 80 percent of grantees interviewed believed it would be advantageous to purchase property. The Head Start Improvement Act does ease the restrictions on purchasing facilities.

P. 1 - Last sentence of first paragraph under "Background" - Recommend changing last clause from "Head Start addresses the needs of the entire family" to "Head Start identifies the families' social services needs and assists them in meeting those needs."

P. 1 - First sentence under "The Head Start Program" header - Suggest clarifying the statement "Head Start is the only child development program funded primarily by the Federal government". Even Start and Comprehensive Child Development Centers are among other Federally funded child development programs.

P. 2 - Second sentence under "Head Start Expansion" header - A Supplemental Authorization Act did not exist. The sentence could be modified to read "The Dire Emergency Supplemental Appropriation of 1990 marked the beginning of expansion for all grantees and raised FY 1990 total funding to $1.552 billion."

P. 2 - Fourth sentence under "Head Start Expansion" header - Suggest deleting the phrase "with the goal to serve all eligible children (including 4-year-olds) by 1994" as no such goal is found in the Human Services Reauthorization Act.

P. 2 - Please update the Fiscal Year 1993 information in the "Head Start Expansion, 1990-1993" table with the Announcement Date. Also, "Funds Allocated to Expand Enrollment" is actually $372,706,000.

P. 2 - We recommend including an additional table to accompany the existing "Head Start Expansion, 1990-1993" table to show funds spent on cost of living and quality increases. Currently, the Head Start statute requires 25 percent of the funding increase over the previous year's adjusted appropriation to be set-aside for quality improvement. The amount of quality funds that have gone to grantees is significant.

Suggested table to insert:

**HEAD START QUALITY IMPROVEMENTS, 1990-1993**

| | FY | Announcement Date | COLA | Quality Improvement |
|---|---|---|---|---|
| Expansion I | 90 | 14/6/90 | ---------- | $49,000,000 |
| Expansion II | 90 | 6/12/90 | ---------- | ---------- |
| Expansion III | 91 | undated | ---------- | $195,000,000 |
| Expansion IV | 92 | 2/19/92 | $62,625,000 | $45,910,000 |
| Expansion V | 93 | Forthcoming | $61,945,000 | $127,883,000 |

P. 3 - First sentence in first paragraph. We suggest clarifying what a "regional grantee" is. Also, adding the clause "as required by statute" to the end of the sentence.

Suggest stating in either the first or third paragraph that new grantees could only apply for funds in unserved counties, and funding has gone only to existing grantees in served counties.

P. 5 - There appears to be some inconsistency in statements regarding grantees finding eligible children. The first sentance of the last paragraph states that "almost all grantees believe that there are sufficient children to warrant further expansion". However, the third bullet, half-a-page above that statement, finds that more than a quarter of all grantees examined were unable to find eligible children. The Performance Indicators report shows grantees at 99.1 percent of full enrollment, a higher level than pre-expansion. Perhaps these findings are unclear and are not inconsistent; if so clarification is needed.

Given the apparent inconsistencies regarding finding eligible children, perhaps the first bullet under "Findings" on page i, "Some grantees experience difficulty enrolling children," should be made conditional.

P. 6 - Section following "Only one-quarter of grantees indicated that they plan to serve all eligible 4-year olds by 1993" header - We suggest this be clarified to note that the grantee responses were recorded well in advance of any specific information about resource availability during FY 1993.

P. 11 - The second paragraph under the "ACF Regional Offices Suggest a more flexible and fair allocation system" suggests that ACF should use 1990 instead of 1980 census data to allocate funding. However, the Census Bureau had not released this data in time for Head Start to use it in their FY 1991 or FY 1992 allocations. Head Start now has the 1990 census information and used this data to allocate FY 1993 funds. Since the 1990 data is being used, the problem is solved and perhaps this paragraph should be eliminated. If the paragraph remains, please add the

sentence "Head Start began using 1990 Census data for allocation of FY 1993 funds as this was the first year the data was made available to ACF."

If you have any questions or concerns regarding these comments, please contact Karen Shafer(690-6238) of my staff.